

OGC HAS REVIEWED.

18 October 1951

MEMORANDUM FOR THE RECORD

SUBJECT: Administration of Patent Matters

1. This memorandum sets out the results of a preliminary study of the administration of patent matters connected with Agency contracts. Patent matters have not been of particular importance in the past, and there appear to be no procedures for handling them in Agency regulations. However, there is a growing volume of research and development contracts, and some attention should be given to the following subjects:

a. The obtaining of patent rights under contracts and the execution of confirmatory written instruments.

b. Dissemination of such information to other Government agencies.

c. Obtaining similar information from other Government agencies.

d. Reduction of excessive royalty charges.

These headings will be discussed in order.

ILLEGIB

066
2. Final payment under research and development contracts should be withheld pending disclosure of inventions in accordance with the Patent Rights clause of the contract in question. Thereafter the Agency should take such action as is necessary to protect and document the rights given it in the contract. When the contractor files a patent application, a license should be signed by him confirming the Government's right to practice the inventions described in the application. The license agreement should usually follow the form set out in Army Procurement Procedure, paragraph 9-406. If the contractor decides not to apply for a patent, investigation should be made to determine whether the Agency should have an application made for the interest of the Government.

066
3. Pursuant to Executive Order 9424 of 18 February 1944, the Patent Office keeps a register of patent rights obtained by the various departments. It is required that licenses be transmitted to the Patent Office for inclusion in this register. Two copies of the license should be forwarded to the Commissioner of Patents,

Department of Commerce, with the request that one copy be appropriately stamped with the registry number and returned to this Agency. When forwarding licenses for registration, it should be indicated whether the license is to be filed in the Secret, Departmental or Public registry, in accordance with the security conditions present.

066
25X1A
25X1A
4. When entering into contracts, it is the duty of the contracting officer to ascertain if royalty payments are to be made thereunder. In the case of cost-plus-fixed-fee contracts, the royalty payments will appear in the accountings submitted. In fixed-price contracts for \$10,000 or more, the Reporting of Royalties clause set out in the ASPR's should be inserted. If a royalty is to be paid, a check should be made with the Assignment Branch of the Patent Office to determine if the Government already has rights under the patent in question. If the Government has a royalty-free right, the Agency should not pay royalties under the contract and should recover any already paid. So long as we have a few inquiries of this nature, they can be made by telephone by calling Code [REDACTED] and asking for [REDACTED] 25X1A

25X1A
[REDACTED] the Assignment Branch. Since there is a lag of as much as six months in the maintenance of the register, it will frequently be desirable also to make inquiry of the patent section of the Office of Naval Research or of the JAG (Army).

06C
5. Where royalties are to be paid under a contract and the Government does not have a royalty-free license, the contracting officer should determine whether the royalty payments are reasonable. If they are excessive, the Government may require their reduction as provided in the Royalty Adjustment Act of 1942, which is still in force (35 USC, Section 89, et seq.).

6. The authorities contained in this Act are vested in the head of the department or agency concerned, and consequently each action would have to be approved by the head. Further study of this Act should be made and any necessary delegation of the Director's authority thereunder recommended, as is allowed in 35 USC, Section 93.

7. Since the patent matters discussed above arise in the negotiation and administration of contracts, it appears that the Contract Branch of the Office of Procurement should carry out their administration. A separate file should be kept by that office on patent matters. As experience and further investigation dictate, necessary regulations and procedures should be promulgated.

25X1A
[REDACTED]

OGC/RGH: mmw
Distribution:

1 Approved For Release 2001/08/27 : CIA-RDP57-00384R001100060023-1
4 - OGC ✓
1 - Signer
CR: 511D-Contracts, Correspondence